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ED/EC M-247

July 1, 1957

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EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m., Thursday, June 27, 1957
Room 1213 Maiatico

Attendance:

MDAC

Mr. Hale, Chairman
Mr. Anderson
Mr. Kramer, Executive Secretary
Mrs. Huver, Committee Secretary

Commerce

Mr. George

CIA 25X1A9a

Mr. [REDACTED]
Mr. [REDACTED]

ICA

Mr. Slaght

Defense

Mr. Martino
Colonel Green

State

Mr. Wright
Mr. Knoll

Treasury

Mr. Pollak

Agenda:

- Note a. EDAC D-136, June 26, 1957
Note b. IL II China Quotas for 1957
Note c. [REDACTED] June 24, 1957 25X1A2g
Note d. Foreign Affairs Committee Hearing
1. NSC/CFEP Assignment to Review Economic Defense Policy
(Ref. EDAC D-135, June 27, 1957)

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Note a. EDAC D-136, June 26, 1957

The Chairman reported that there is now in circulation EDAC D-136 which is a memorandum from Mr. Staats, Executive Officer of the Operations Coordinating Board, to Admiral DeLany, requesting that the possibility of securing a blanket Presidential exception for Finland be explored through EDAC to permit lending PL 480 proceeds to Finland for economic development. Admiral DeLany has responded (June 27) saying that the Department of State member of the Executive Committee will bring before that Committee a proposal which will be given interagency co-ordination and documentation for EDAC action as soon as possible.

The Chairman outlined the background which led up to this assignment from the OCB and reported that the Department of State is going to prepare the above-mentioned proposal which will suggest the basis for EDAC agreement on a Presidential Determination that will make possible the granting of this kind of assistance to Finland. This matter will be considered in the Executive Committee when the State proposal is ready.

In response to a question from the Commerce member as to whether an opinion on this matter had been obtained from the ICA General Counsel, the Chairman replied that the General Counsel had been present at a meeting held in State on this subject and had stated that he felt there was discretion in the Act which would allow for this under certain stipulated conditions, but he would have to see the nature of the information on which EDAC proposed a Presidential Determination before making a definite decision.

Note b. IL II China Quotas for 1957Decision

The problem of IL II China quotas for 1957 will be discussed at an Executive Committee meeting to be held at 2.00 p.m. Friday, June 28.

Discussion

The Chairman stated that Working Group I had met in response to the assignment given it in ED/EC M-245 to consider all aspects of the List II problem which should eventually be raised in CHINCOM discussions. However, at its meeting on June 26 no member had been in a position to reflect his agency's position on the quota recommendations of the Ad Hoc Committee which had been established to study this problem. Due to the deadline of July 1, the Chairman stated he requested the Chairman of WG I to prepare a memorandum on this problem, giving his recommendations, for the consideration of the Executive Committee.

The memorandum entitled "Report on IL II China Quotas for 1957" (ED/EC D-119), has attached to it a memorandum entitled "Report of Ad Hoc Committee on China Quotas" (WG I D-72.3) and a memorandum from the Chairman of the Ad Hoc Committee entitled "Background Analysis of CHINCOM Quota Problem" (WG I D-72.2). ED/EC D-119 et al distributed at this meeting.

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Note c. London Embtel 7229, June 24, 1957

Decision

The members agreed that the USDEL should be instructed to request the Chairman of CHINCOM/COCOM to make a statement at the beginning of the List II discussions along the lines of the general principles stated in COCOM Doc. 470 and referred to yearly thereafter in the document setting the yearly IL II quotas.

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Note d. Foreign Affairs Committee Hearing

The Chairman reported that on Monday, June 24, Admiral DeLany and he, at the invitation of Mr. Hollister, went to a hearing of the Foreign Affairs Committee in an attempt to justify the \$1.3 million budget request for MDAC Act expenses. The Committee, however, was short of time and Admiral DeLany was not provided an opportunity to present our case. The Committee did accept our written statement which was put in the Record.

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1. NSC/CFEP Assignment to Review Economic Defense Policy
(Ref. EDAC D-135, June 27, 1957)

Decisions

The Commerce and Defense members will prepare check lists of recent events and other aspects of the program which will be applied to each paragraph of the economic defense policy as it is reviewed.

The Executive Committee will meet on Monday, July 1 and regularly during that week, to review the economic defense policy, paragraph by paragraph.

Working Group III will assume responsibility for reviewing points (3) and (4) of the JCS memorandum attached to the CFEP assignment.

Discussion

The Chairman made reference to the several memoranda contained in EDAC D-135 and noted that Point (5) of the JCS memo had not been assigned to EDAC for consideration. He said his interpretation of para. 2 of the memorandum from Mr. Randall is that paragraphs 8 and 20 of the economic defense policy have been assigned to a Committee under the Chairmanship of the Under Secretary of Commerce and, therefore, are not a problem for EDAC consideration under this assignment.

He felt that time prevents a broad general study such as was done in 1955. He further felt that because of the review which was done earlier this year, it would not be necessary to do a great deal of documentation, except with respect to the changes that we propose, conditions which led us to make these changes and, if necessary, to show how paragraphs are going to be implemented, though unchanged, in order to get a full understanding or to bring out the differences among the agencies. He requested that the members be prepared on Monday, July 1, to discuss NSC 5704/1 paragraph by paragraph to determine the need for changes in the current language and to offer alternative language if a split makes it necessary to do so. It will then be necessary to prepare for EDAC an explanation of the changes and the reasons therefor. We would thereafter address ourselves to the questions raised by the JCS.

In response to a request from the Chairman, the State member said that Working Group III would consider points (3) and (4) of the JCS memo and report its findings to the Executive Committee. [Para. 3b.(3) and (4).]

The State member said he felt that this review of the policy could be done in one week's time. More time-consuming will be the review in response to paragraph 3.b.(2) of the JCS memo -- to consider "The posture to be adopted by the United States in the face of possible action on the part of our Allies further to weaken the COCOM/CHINCOM controls".

The Commerce member stated that he felt the task we now have is quite different from any other over-all review of the economic defense policy which we have

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undertaken. He felt the approach toward reexamining it might best be accomplished if we first had a check list of the developments that are relevant to this policy review which have occurred since these actions, or any particular developments which it is felt were not adequately reflected in the last formulation of policy. This check list could then be referred to in the paragraph by paragraph review to identify developments which must be taken into account.

The Defense member endorsed the check list suggestion. He further stated that paragraph 2. of Mr. Randall's memorandum requested the Committee under the Chairmanship of the Under Secretary of Commerce to review all aspects of policy, "including the economic, military, political and psychological questions involved", and he felt that, although our assignment does not request us to consider these aspects, it is implied that we should address ourselves to them.

Distribution:

ED List Parts I & II
WG I (Limited)

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